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Group Activities

UK Healthcare

BNA is the largest provider of temporary nurses and carers in the United Kingdom through its national network of over 100 branches. BNA currently has over 55,000 nurses and carers on its register to help people in their own homes and work for hospitals, nursing homes, local authorities and industry.

Nestor Medical Duty Services provides experienced doctors, working from ten control centres, who visit patients in their homes during the night and at weekends on behalf of client general practitioners in North West England and the West Midlands.

Nestor Medical Services owns and/or manages a number of facilities providing acute medical/surgical treatment, psychiatry, medical rehabilitation and care of the elderly.

USA Healthcare

MRA is a specialist nursing agency, based in Florida, which has become one of the leading suppliers of travel nurses in the United States of America. MRA's nurses and other healthcare personnel, move between assignments in different parts of the country, usually in response to seasonal variations in hospital demand. MRA's nurses usually work full-time on assignments of three months duration.

UK Specialist Personnel

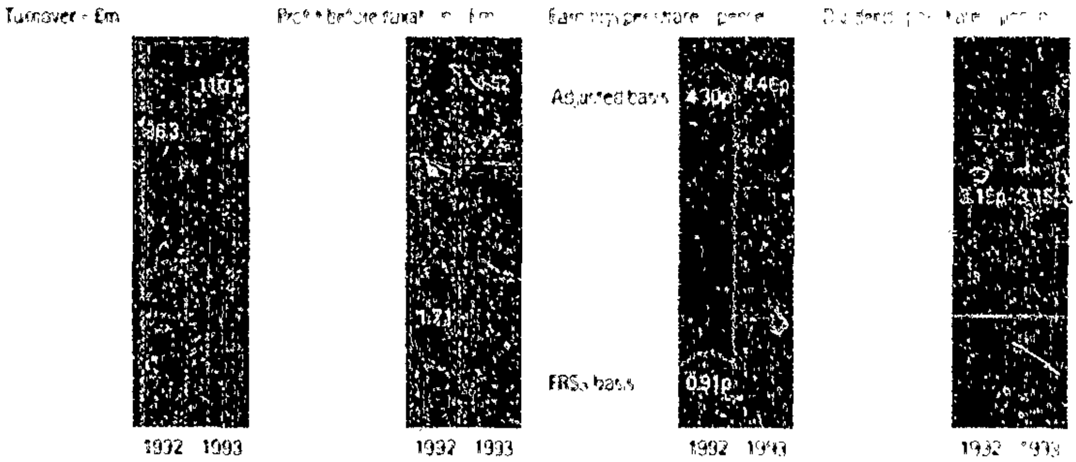
Hewitson-Walker places qualified and part-qualified accountants on a temporary basis, primarily in the Greater London area.

Scott-Grant places management services personnel to work on productivity improvement projects, usually with industrial clients. They also supply other technical personnel on an agency basis.

Nestor - BNA plc

Annual Report and Accounts 1993

Financial Highlights



	1993 £m	1992 £m
Turnover	**110.55**	96.31
Operating profit before exceptional item	**6.14**	5.54
Profit before taxation after exceptional item (FRS3)	**4.52**	1.71
Earnings per share - FRS3 basis	**4.46p**	0.91p
- adjusted basis	**4.46p**	4.30p
Dividends per share	**3.15p**	3.15p

Directors and Advisors

Directors

Michael Rogers
Chairman and
Chief Executive

Viscount Bridgeman
Non-executive Director

Clive Chapman
Group Finance Director

John Cockburn MB ChB
Managing Director
Nestor Medical Duty Services

Charles Goodson-Wickes MP
Non-executive Director

Francis Howard
Non-executive Director
and Vice-Chairman

Alan Pilgrim
Group Managing Director

Jennifer Priestley RGN
Managing Director
Nestor Medical Services

Nicholas Ward
Non-executive Director

Secretary
John Wood

Registered office
20A Church Road
Welwyn Garden City
Hertfordshire AL8 6PS

Financial advisors
Hambros Bank Limited
41 Tower Hill
London EC3 4HA

Stockbrokers
S.G.Warburg Securities Limited
1 Finsbury Avenue
London EC2M 2PA

Auditors
Coopers & Lybrand
Chartered Accountants
1 Embankment Place
London WC2N 6NN

Solicitors
Freshfields
Whitefriars
65 Fleet Street
London EC4Y 1HS

USA attorneys
Dechert Price & Rhoads
477 Madison Avenue
New York NY 10022

Principal bankers
National Westminster Bank Plc
24 Albemarle Street
London W1X 4JS

Registrar and transfer office
National Westminster Bank Plc
Registrar's Department
PO Box No 82
Caxton House
Redcliffe Way
Bristol BS99 7NH

Chairman's Statement

I am pleased to announce that your Company produced increased sales, profits and earnings per share in 1993. The changing climate of healthcare in the UK created opportunities for our UK Healthcare operations which achieved significant advances. At the same time the patchy economic recovery in the USA and the UK depressed the results of our USA Healthcare business and our UK Specialist Personnel divisions.

Group turnover for the year was £110.5 million (1992 £96.3 million) and the operating profit £6.14 million (1992 £5.54 million). Pre-tax profits were £4.52 million (1992 £1.7[illegible] million) and earnings per share 4.46p (1992 0.91p). The comparative 1992 results have been restated to conform with the FRS3 reporting requirements, the effect of which was to reclassify the 1992 extraordinary charge as an exceptional item. The 1992 pre-tax profits and earnings per share reported last year were £4.24 million and 4.30p respectively.

Your Board is recommending a final dividend of 2.00p per share to be paid on 27th May 1994 to shareholders on the register at close of business on 29th April 1994, making total dividends for the year 3.15p (1992 3.15p).

In March 1993, we acquired BUPA's nursing agency business. The integration of their 15 branches into BNA's branch network was completed smoothly and effectively shortly after acquisition. We are pleased with the results of the acquisition which has strengthened one of our core businesses.

As the healthcare reforms in the UK develop, the way ahead becomes clearer. We are particularly pleased with the progress we have made in 1993 with our community care work. The purchaser/provider split within the National Health Service, the Community Care Act and market testing procedures are all creating opportunities for us to meet new customer needs at a cost which represents good value for money.

In the USA, although the economy is moving in the right direction, the controversy over the nation's healthcare system continues. In this environment the markets for our services remain difficult.

The main challenges in 1994 will be to continue the momentum of growth in our UK Healthcare operations, to reverse the decline and stimulate improvement in our USA Healthcare and UK Specialist Personnel businesses and to develop and implement strategies which enable us to maximise the opportunities for our businesses.

Our major asset is the people who work for us. Their ability and willingness to address the considerable changes we have experienced and apply themselves to new ideas and different working methods does them great credit. I would like to thank them all for their efforts.

Michael Rogers *Chairman*

Financial Review

Summary of results

The financial statements for the year have been presented in accordance with Financial Reporting Standard Number 3 - FRS3.

Against the backcloth of healthcare reform and patchy economic recovery, the Group's revenue increased by 15% to £110.5 million (1992: £96.3 million) and operating profit by 11% to £6.14 million (1992: £5.54 million). The interest charge was also higher this year, rising from £1.30 million to £1.62 million. This reflected the combined effects of additional financing costs following the acquisition of BUPA Nursing Services in March and the translation of our US dollar interest at an average rate of $1.49 compared with $1.76 last year. This movement in the average exchange rate increased the interest charge by £0.14 million.

The net result was a pre-tax profit of £4.52 million (1992: £1.71 million) and earnings per share of 4.46p (1992: 0.91p). The 1992 pre-tax profit and earnings per share figures have been restated to conform with FRS3. The comparative 1992 pre-tax profit and earnings per share, before re-classification of the 1992 extraordinary item as exceptional, were £4.24 million and 4.30p respectively.

With the proposed final dividend of 2.00p per share (1992: 2.00p) the total dividends for the year are 3.15p per share (1992: 3.15p).

UK Healthcare

BNA, which operates the largest network of nursing agencies in the UK, produced a 22% increase in revenue and a 57% increase in operating profit to £2.40 million (1992: £1.53 million). These results include the effect of the acquisition of BUPA Nursing Services in March. This business fitted very well with BNA's and the integration with BNA's branch network was achieved smoothly and effectively. As a result of the complete branch integration it is not possible to determine separately the contribution from the acquisition, but we are pleased with the subsequent performance of the combined operation.

The Community Care Act was finally implemented in April and, with our wide branch network, this has provided us with the opportunity to work closely with Social Services departments to provide care to people in their own homes. The provision of such help grew steadily through the remainder of the year.

Nestor Medical Duty Services once again showed good growth with an increase in the number of calls and revenue of 11% and a profit advance of 14% to £1.37 million (1992: £1.20 million).

Nestor Medical Services, our hospitals and nursing homes division, recorded revenue growth of 11% and a profit increase of 27% to £1.10 million (1992: £0.86 million).

We were particularly pleased with the continued excellent performance of Ticehurst House, which has successfully developed a number of specialist treatment programmes, for example, for alcohol and drug dependency, disturbed adolescents and post traumatic stress disorder.

USA Healthcare

MRA, our travel nurse business in the USA, continued to be affected by economic conditions, which varied geographically, and by political uncertainty surrounding the timing and effect of President Clinton's proposed reforms to the healthcare system. Economic factors resulted in a continuing high level of unemployment and lower hospital occupancy, whilst political factors tended to create a rather short-term outlook by hospital administrators to their staffing requirements. These depressed the demand for supplemental nursing staff and increased pressure on margins. Against this background we increased our focus on the more profitable areas of our business and took action to reduce further our overhead costs.

As a result, dollar revenues were 3% lower than a year ago, although the change in exchange rates produced a higher sterling figure, and dollar operating profits reduced from $3.45 million to $2.29 million. This represented a sterling operating profit of £1.53 million (1992: £1.96 million). Progress was, however, made during the year and the profit gap, compared with the previous year, reduced substantially in the second half. The favourable effect on the Group's pre-tax profit of the change in the average exchange rate from $1.76 to $1.49 was £0.10 million.

Financial Review

UK Specialist Personnel

Our UK Specialist Personnel divisions continued to operate in very difficult market conditions throughout the year. Our markets did, however, show some signs of improvement in the second half and as a consequence we increased our investment in marketing during this period

Hewitson-Walker specialises in placing temporary qualified and part-qualified accountants to a range of clients in the Greater London area. The recession, which has been particularly deep in London and the South East of England, resulted in lower activity levels, revenue for the year of £5.2 million (1992: £5.5 million) and an operating profit of £0.70 million (1992: £0.79 million).

Scott-Grant, which provides management and technical services personnel, computer services and training, had a particularly difficult year as demand for supplemental staffing and productivity improvement projects remained weak. Total revenue was £5.1 million (1992: £6.0 million) and operating profit was £0.12 million (1992: £0.28 million).

Taxation

The average corporation tax rate this year was 26.0% (1992: 24.2%). This rate reflects the availability of allowable deductions against the profits of MRA.

Cash flow and borrowings

During the year, net borrowings increased from £13.2 million to £18.3 million. The main reasons for the increase were the acquisition of BUPA Nursing Services, additional working capital requirements which arose from higher levels of turnover towards the end of 1993 compared with 1992, and costs in respect of our Nutri/System (UK) lease guarantee obligations.

The acquisition of BUPA Nursing Services in March was financed by a new seven year secured loan of £5.8 million and, to provide the required security, the Group's property finance lease was repaid and the freehold interest purchased at a total cost of £2.8 million.

At the end of the year the Group had medium term loans of £17.5 million and an excess of short term borrowings over cash and deposits of £0.8 million. Included in these loans are $3.4 million of unsecured loan instalments and £2.5 million of loan repayments which are due within the next 12 months. Net US dollar debt amounted to £6.3 million and net sterling debt £12.0 million

The Group's medium term dollar borrowings, which are equivalent to £9.2 million, are at a fixed rate of interest and the remaining medium and short term debt is in sterling at variable rates

Capital expenditure

Capital expenditure during the year was £1.74 million (1992: £1.08 million) The main areas of expenditure were the continued development and refurbishment of our psychiatric and physical rehabilitation hospitals, purchase of the freehold interest in our acute hospital and improvements to the systems providing care services by our other UK Healthcare divisions

Acquisition of BUPA Nursing Services

In March 1993 the Company purchased the share capital of BUPA Nursing Services Limited for £0.21 million. On the date of acquisition BUPA Nursing Services had net assets, excluding borrowings, of £0.61 million and external borrowings of £1.80 million.

Shareholders' funds

The shareholders' funds at the year end were £5.66 million, following the write-off of goodwill on the acquisition of BUPA Nursing Services. This compares with £7.35 million at the end of 1992. US dollar exchange rates at the end of 1993 and 1992 were similar, $1.48 compared with $1.51, which produced a reduction in shareholders' funds of £0.08 million.

Foreign currency management

The trading results of overseas businesses are translated into sterling using average exchange rates and the balance sheets at year end rates Fluctuations in exchange rates can, therefore, have an effect on the Group's financial results and the balance sheet position at the year end. It is the Group's policy to hedge its investment in foreign currency businesses by financing these, in part, with loans denominated in the appropriate currencies

Business Review UK Healthcare

Proportion of group operating profit in 1993: 67%
As the healthcare reforms in the United Kingdom develop, the way ahead becomes clearer. The purchaser/provider split within the National Health Service, the Community Care Act and market testing procedures are all creating opportunities for us to meet new customer needs at a cost which represents good value for money.

BNA

BNA provides nurses and carers in the UK to a wide variety of clients through a national network of over 100 branches. BNA currently has over 55,000 nurses and carers on its register, all of whom are interviewed, provide references and provide evidence of qualifications as appropriate. These nurses and carers have chosen temporary work for various reasons but the most common is that family responsibilities preclude them from working full-time on a permanent basis.

BNA is an extremely effective medium for matching, usually at short notice, the nursing and care requirements of all kinds of organisations and individuals, to nurses and carers, with appropriate skills, who are available at the appropriate time. BNA can also supply hospital doctors, physiotherapists and certain other paramedic personnel.

During 1993, BNA increased its revenues by 22% and its operating profits by 57% to £2.40 million. During the year, our nurses and carers carried out 7.5 million hours of care. The relative proportions of BNA's activity during the year were as follows: homecare 38%, NHS hospitals 30%, nursing homes 13%, industry 9%, social services 5%, private hospitals 3%, other 2%.

In March, BNA acquired BUPA Nursing Services. This was a most effective acquisition for us. BUPA Nursing's 15 branches were merged speedily with nearby BNA branches; many key BUPA staff were retained as were almost all of BUPA Nursing's clients.

The main factors affecting BNA's markets in 1993 were the continuing NHS reform process, the emerging community care market, and also a continuing high level of unemployment and low level of labour turnover, which restricted opportunities for the supply of supplemental staff. As the NHS reforms progress, the re-direction of funding provides opportunities to provide temporary staff to other areas. The Government is committed to investing in primary care.

In April 1993, local authorities became responsible for delivering community care to the elderly, mentally ill, disabled and other vulnerable sections of the population. Their aim is to provide services and support to enable such people to live as independently as possible in their own homes, or if more appropriate, in a nursing or residential care home. BNA's main business is looking after people at home, and with our national network of branches and access to a vast temporary work force we are well placed to assist local authorities in the provision of care. Our work in this area grew steadily as the year progressed.

Nestor Medical Duty Services

NMD's main activity is to visit patients in their homes during the night and at weekends on behalf of client general practitioners. These visits are carried out by NMD's deputies, all of whom are qualified doctors with experience of general practice.

Although a GP has a 24 hour responsibility for his patients, he is not obligated to be available, in person, at all times. He or she may delegate duties to others and this is usually done by partnership arrangements, local ad hoc agreements or by employing a medical duty service such as NMD.

As the demands on GP's increase some are becoming increasingly reluctant to accept a 24 hour responsibility for their patients. Employing a medical duty service such as NMD, enables GP's to enjoy off-duty periods and a good night's sleep, allowing them to attend to their patients needs more efficiently during the day. Medical duty services have been employed by the majority of GP's in large conurbations in the UK for over 25 years and these services have become an accepted integral part of the primary care system, particularly in inner city areas. Clinical reports of every visit made are delivered to the client GP's to keep them fully informed and to ensure continuity of care. NMD provides medical duty services for 2,350 general practitioners from ten centres, including Liverpool, Birmingham, St. Helens, Wolverhampton, Stoke and Manchester.

In addition, NMD provides post-graduate education courses for general practitioners.

In 1993, NMD produced a revenue increase in the year of 11% and a profit increase of 14% to £1.37 million. Considerable effort went into the achievement of this excellent result which was the product of 370,000 visits to patients. We were particularly pleased with the response of our duty doctors during the influenza epidemic in October/November when they attended nearly 50% more calls than normal.

Nestor Medical Services

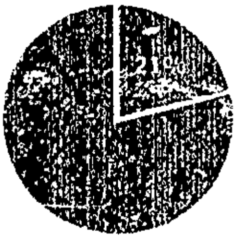
NMS owns three hospitals, Ticehurst House (psychiatry), New Hall (medical and surgical) and Unsted Park (medical rehabilitation) and two nursing homes, Thames Bank and Woodlands. NMS also rents Higham Grange Rehabilitation Centre from Leicestershire Health Authority.

The main factors affecting NMS's markets in the year were an increase in the provision of healthcare for health authorities, improvement in surgical techniques, leading to reductions in average length of stay, and increased use of day surgery. Economic recession also led to some deferment of treatment.

During 1993 Ticehurst House, which has developed a number of specialist treatment programmes, once more produced record profits. New Hall hospital also increased its profits. These improvements more than balanced the effects of lower occupancy rates at Unsted Park, which continues to experience pressure in reimbursement from some medical insurers, and at the nursing homes.

The net result was an increase in revenue for the year of 11% and an increase in profits of 27% to £1.10 million.

Business Review USA Healthcare



Proportion of group operating profit in 1993: 21%

In the USA, although the economy is moving in the right direction, the controversy over the nation's healthcare system continues. We are monitoring the situation closely as there will continue to be some uncertainty in our markets until the complex 1,342 page healthcare reform bill passes through Congress.

MRA

MRA is a specialist nursing agency which has become one of the leading suppliers of travel nurses in the United States of America. Travel nurses, as their name implies, travel the country moving from assignment to assignment, typically of three months duration.

Many hospitals and other care providers experience variations in their staffing needs during the year. These staffing variations become particularly acute in, for example, Florida in the winter months when large numbers of retired people leave their homes in the colder North and migrate to warmer climes. Full-time qualified nurses prepared to sign on for a contract of several months duration can represent a more effective solution to a hospital's seasonal staffing needs than full-time staff, local part-timers or temporary staff engaged by the day.

MRA has two main objectives: to secure profitable contracts with hospitals at which nurses and other healthcare personnel would be keen to work, for example, because of the hospital's reputation or location, and to recruit the nurses and allied personnel with the qualifications and experience that the hospitals need. To make MRA more attractive to nurses MRA usually organises their travel and arranges the provision of fully-furnished accommodation close to the nurse's place of work either free or at a subsidised rental. Nurses who travel through MRA enjoy well-paid, interesting work, are well supported and have the additional benefit of good accommodation. They are, therefore, more likely to make themselves available for further assignments and to recommend MRA to other nurses. Hospitals which enjoy the benefit of competent reliable staff when and where they need them are also more likely to make repeated use of MRA's services. Although there is a marked seasonality in the travel nurse business, there is a year-round requirement and MRA seeks to develop markets in new areas of the country to increase activity levels in those months which in the past have been quiet.

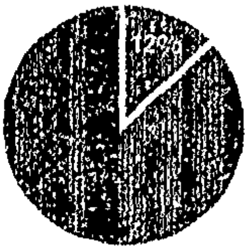
In 1993, MRA's business continued to be affected by the weakness in the USA economy which produced continued high levels of unemployment. In addition, many of MRA's hospital clients experienced lower demand for in-patient services and reduced occupancy levels due to advances in medical techniques and the increased use of day surgery. Uncertainty for healthcare providers created by the delayed announcement of President Clinton's healthcare reform proposals also led to hospital clients deferring costs or commitments until they had a clearer idea of what healthcare reform might portend.

In this difficult market MRA increased its emphasis on the more profitable areas of business and reduced further its costs. MRA's market share in its home market, Florida, was also enhanced by winning a significant contract late in the year. California, previously an important market for travel nurses, remains quiet.

There is still an acute shortage of some allied health personnel, such as physical therapists and occupational therapists, and this offers scope for improved margins if suitable candidates can be found. Similarly, there are opportunities for other nursing specialities.

Because of the reduction in activity for the year as a whole, the result was dollar profits in 1993 of $2.29 million compared with $3.45 million in 1992.

Business Review UK Specialist Personnel



Proportion of group operating profit in 1993: 12%
As the UK economy improves, the opportunities for the supply of skilled temporary staff will increase. In today's competitive business environment, the benefits of flexible staffing are becoming more widely appreciated.

Hewitson-Walker

Hewitson-Walker specialises in the provision of temporary qualified and part-qualified accountants to a wide range of clients in the Greater London area.

Continued weakness of the economy in London and the South East of England resulted in a profit reduction from £0.79 million to £0.70 million. There are, however, signs of improvement and Hewitson-Walker's persistent and accurate marketing efforts have led to an increase in the number of new clients, particularly in the latter part of the year.

Scott-Grant

Scott-Grant's main business is the supply of management services personnel to work on productivity improvement projects, mostly for industrial clients. They also supply technical services personnel on an agency basis and computer services and training linked to productivity improvement.

During 1993 Scott-Grant's clients have had to contend with a weak UK economy and recession in their European markets. Against this background Scott-Grant produced a profit of £0.12 million compared with £0.28 million in 1992.

Board of Directors

Executive directors

Michael Rogers,
51, is Chairman and Chief Executive. He joined BNA in March 1976 and became Managing Director in October of that year. He became Group Managing Director in May 1978 and joined the Board of Nestor-BNA when it was formed in March 1986. He is a member of the Executive Committee of the Federation of Recruitment and Employment Services.

Clive Chapman,
45, is Group Finance Director. He joined Nestor-BNA in September 1990. Before joining the Group he was Group Finance Director of ITL Information Technology plc and, prior to that, Group Financial Controller of the P&O Group.

John Cockburn,
52, is Managing Director of Nestor Medical Duty Services. He was appointed Medical Director of Liverpool Locums in 1973 and joined the Board of Nestor-BNA in March 1986. He is Vice-Chairman of the Federation of Medical Services.

Alan Pilgrim,
42, is Group Managing Director and Managing Director of BNA. He joined Nestor-BNA in October 1989 as Director of Operations of Nestor Medical Services. Before joining the Group he was Director of Operations of the UK subsidiary of Hospital Corporation of America. He became Managing Director of BNA and joined the Board of Nestor-BNA in June 1991.

Jennifer Priestley,
47, is Managing Director of Nestor Medical Services. In 1971 she joined Nestor Nursing Homes and ran Unsted Park as Matron. She became Managing Director of Nestor Medical Services in 1985 and joined the Board of Nestor-BNA in March 1986.

Non-executive directors

Francis Howard,
58, is Vice-Chairman. He joined the Board in June 1987. He is a director of Howard Perry Associates Limited, business and financial consultants. He was previously Finance Director of Charter Consolidated PLC and is a non-executive director of Hawtal Whiting Holdings plc, Consolidated Communications Management Limited and other companies.

Viscount Bridgeman,
63, joined the Board in November 1988, having previously been a member prior to the Company's flotation. He was formerly a director of Guinness Mahon & Co. Limited. He is also a special trustee for Hammersmith & Acton Hospitals.

Charles Goodson-Wickes,
48, MP for Wimbledon, joined the Board in February 1993. He is an occupational physician in private practice, a barrister and is Parliamentary Private Secretary to the Minister of State for Housing, Inner Cities and Construction. He is a member of a wide range of Parliamentary Committees and has a number of medical appointments in industry and commerce.

Nicholas Ward,
52, joined the Board in February 1993. He is a non-executive director of the Anglia and Oxford Regional Health Authority. He was Group Managing Director of The Brent Walker Group PLC and, previously, Chairman and Chief Executive of Macarthy plc, the healthcare group.

Directors' and Auditors' Reports and Financial Statements

Directors' Report

The directors present their report and the audited financial statements for the year ended 31st December 1993.

Principal activities, results, and future developments
Nestor-BNA plc is the holding company of a group of companies in the healthcare and specialist personnel sectors. The principal activities of the Group are

- the provision of nurses and carers through the largest nursing agency network in the United Kingdom,
- the provision of doctors' duty services in the North West of England and the West Midlands,
- the provision of care in medical rehabilitation centres, an acute surgical hospital, a psychiatric hospital and nursing homes,
- the provision of travel nursing services throughout the United States of America,
- the provision, on a temporary basis, of qualified and part-qualified accountants primarily in the Greater London area,
- the provision, on a temporary contract basis, of specialist supervisory, technical and computer personnel throughout the United Kingdom.

The accompanying Chairman's Statement, Financial Review and Business Review report on the Group's activities, trading results and future developments.

Results and dividends
The profit for the year after taxation was £3,341,000. An interim dividend of 1.15p per Ordinary Share was paid on 29th October 1993. The directors now recommend a final dividend of 2.00p per Ordinary Share. Following the payment of all dividends for the year, totalling £2,357,000, an amount of £984,000 will have been transferred to reserves.

Fixed assets
Information relating to the changes in fixed assets is given in Notes 13 and 15 to the financial statements.

Acquisition of business
On 1st March 1993 the Company acquired the entire issued share capital of BUPA Nursing Services Limited.

Directors
The directors who served during the year were H J Hann*, M G Rogers, Viscount Bridgeman*, C R Chapman, J J Cockburn, F J A Howard*, A J T Pilgrim, J Priestley, C Goodson-Wickes* and C J N Ward*.

H J Hann retired from the Board on 31st May 1993 and M G Rogers was appointed Chairman on 1st June 1993.

Two directors, J Priestley and Viscount Bridgeman, will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

J Priestley has a service agreement with the Company terminable by the Company on not less than three years' notice expiring at any time.

Viscount Bridgeman has no service agreement.

*non-executive directors

Directors' Report

Directors' interests

The beneficial and family interests of the directors in the share capital of the Company according to the register of directors' interests maintained by the Company under Section 325, Companies Act 1985 were

	Ordinary Shares		Share Options Employee Scheme		Share Options SAYE Scheme	
	31.12.93	31.12.92	31.12.93	31.12.92	31.12.93	31.12.92
M G Rogers	*706,601	*706,601	466,094	206,094	20,089	20,089
Viscount Bridgeman	27,463	27,463	-	-	-	-
C R Chapman	-	-	330,000	140,000	20,089	20,089
J J Cockburn	*20,141	*20,141	276,312	106,312	-	-
C Goodson-Wickes	-	†-	-	-	-	-
F J A Howard	12,251	12,251	-	-	-	-
A J T Pilgrim	*3,188	*3,188	324,250	114,250	20,089	20,089
J Priestley	*416,629	*416,629	281,312	111,812	-	-
C J N Ward	-	†-	-	-	-	-

* includes shares held by virtue of the Nestor-BNA Profit Sharing Scheme

† as at 1st February 1993, the date of appointment as a director

Notes

1. None of the directors has any non-beneficial interest in the Company's share capital.
2. Between 31st December 1993 and the date of this report there were no changes in the interests of the directors in the share capital of the Company.
3. No director was materially interested in any contract of significance (apart from contracts of service) with any Group company during or at the end of the financial year.
4. The Company has maintained insurance for directors and officers against liabilities in relation to the Company during the year.

Substantial shareholders

At the date of this report, the Company has been notified of the following interests of 3% or more in the ordinary share capital.

	Number	Percentage of issued share capital
Prudential Corporation Group, including clients' managed funds	6,050,548	8.1%
Framlington Group plc	5,331,200	7.1%
Standard Life	5,236,386	7.0%
Barclays Bank PLC	3,674,021	4.9%
3i Group plc	3,618,789	4.8%
Scottish Amicable Investment Managers	2,944,000	3.9%

Share capital

Details of the authorised and issued share capital of the Company during the year ended 31st December 1993 are given in Note 22 to the financial statements.

Directors' Report

Share schemes

Information regarding share options issued and exercised under the Nestor-BNA Employee Share Option Scheme and the Nestor-BNA Savings Related Share Option Scheme, is given in Note 27 to the financial statements.

During the year no shares were allocated to employees under the Nestor-BNA Profit Sharing Scheme.

Directors' authority to issue shares

A Special Resolution will be proposed to the Annual General Meeting on 19th May 1994 seeking authority for the directors to issue shares of the Company within certain constraints as set out in the Notice of Annual General Meeting. This resolution is similar to the corresponding resolutions passed in previous years. The proposed authority limit in this resolution is £374,000 and represents approximately 5% of the Company's issued share capital. If approved by the Meeting, this power will continue until the next Annual General Meeting of the Company.

Charitable and political donations

During the year the Group made contributions to United Kingdom charitable organisations of £525. No political donations were made.

Taxation status

The Company is not a close company within the provisions of the Income and Corporate Tax Act 1988.

Disabled employees

It is the Group's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

Employee involvement

Various methods are used by the Company to ensure that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Company's performance.

Internal circulars and newsletters are issued regularly and regular consultation and discussions between management and their staff are strongly encouraged.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand, Chartered Accountants, as auditors to the Company will be put to the Annual General Meeting.

Approved by the Board on 28th March 1994 and signed on its behalf by

J Wood *Secretary*

Corporate Governance

The Board

The Board currently comprises five executive directors and four non-executive directors, and is responsible to shareholders for the proper management of the Group. It meets regularly throughout the year, normally on a monthly basis, setting and monitoring Group strategy, reviewing trading performance, advising on senior management appointments, formulating policy on key issues and reporting to shareholders.

The Board has appointed Audit and Compensation Committees, both with formal constitutions.

Audit Committee

The Audit Committee is chaired by the Vice-Chairman, Francis Howard, comprises the non-executive directors and meets at least twice a year.

The principal duties of the Committee are

- to recommend the appointment, scope and fees of the external auditors;
- to ensure that appropriate accounting policies and controls are in place and applied consistently;
- to ensure that financial statements are prepared in accordance with accounting standards and stock exchange and legal requirements; and
- to provide a forum through which the Group's external auditors report to the Board of Directors.

Compensation Committee

The Compensation Committee is chaired by the Vice-Chairman, Francis Howard, and meets at least annually and at other times as necessary. The Committee comprises Francis Howard, Viscount Bridgeman, Nicholas Ward and the executive Chairman, Michael Rogers, except with regard to his own remuneration.

The principal duties of the Committee are

- to assess the responsibilities and performance of executive directors and certain other key executives and, with reference to professional external advice, determine their annual remuneration, bonus awards and longer term incentives, including share options;
- to decide the granting of share options to executive directors and other senior employees, and to administer the share option and profit sharing schemes in accordance with the rules.

Report of the Cadbury Committee

The Group complies with all of the provisions of the Code of Best Practice, as contained in the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance, for which guidelines have been prepared.

Directors' Responsibilities

in respect of the preparation of financial statements

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit of the Group for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and in accordance with applicable accounting standards. In addition, the directors are required

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the financial statements comply with the above requirements. The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the Group, and for preventing and detecting fraud and other irregularities.

Auditors' Report

Report of the auditors to the members of Nestor-BNA plc

We have audited the financial statements on pages 24 to 43.

Responsibilities of directors and auditors
As described on page 22, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1993 and of the profit, total recognised gains, and cash flows of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers - Lybrand.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

28th March 1994

Consolidated Profit and Loss Account

for the year ended 31st December 1993

	Notes	1993 £000	1992 £000
Turnover	2	110,546	96,314
Cost of sales		(87,859)	(75,512)
Gross profit		22,687	20,802
Administrative expenses		(16,547)	(15,258)
Operating profit before exceptional item	3 4 5 6	6,140	5,544
Exceptional item			
Write-off of fixed asset investment and provision for guarantee obligations	7	-	(2,534)
Profit on ordinary activities before interest		6,140	3,010
Interest payable less receivable	8	(1,625)	(1,304)
Profit on ordinary activities before taxation		4,515	1,706
Taxation	9	(1,174)	(1,025)
Profit on ordinary activities after taxation	10	3,341	681
Dividends	11	(2,357)	(2,357)
Retained for the year	23	984	(1,676)
Earnings per share			
FRS3 basis	12	4.46p	0.91p
Adjustment for exceptional item		-	3.39p
Adjusted basis	12	4.46p	4.30p
Dividends per share	11	3.15p	3.15p

All turnover and operating profits are derived from continuing operations.

There is no material difference between the reported profit on ordinary activities before taxation and the historical cost profit on ordinary activities before taxation.

Statement of Total Recognised Gains and Losses

for the year ended 31st December 1993

	Notes	1993 £000	1992 £000
Profit for the financial year		3,341	681
Adjustment to revaluation of property	20	(412)	-
Currency translation differences on foreign currency net investments		(83)	(816)
Total recognised gains and losses relating to the year		2,846	(135)

Reconciliation of Movements in Shareholders' Funds

for the year ended 31st December 1993

	Notes	1993 £000	1992 £000
Profit for the financial year		3,341	681
Dividends		(2,357)	(2,357)
Other recognised gains and losses for the year		(495)	(816)
Goodwill on acquisitions in the year written off	15	(2,186)	(103)
Adjustment to goodwill previously written off		-	131
		(1,697)	(2,464)
Opening shareholders' funds		7,353	9,817
Closing shareholders' funds		5,656	7,353

Consolidated Balance Sheet

as at 31st December 1993

	Notes	1993 £000	1992 £000
Fixed assets			
Tangible fixed assets	13	18,388	18,294
Current assets			
Stocks	16	233	213
Debtors	17	15,855	12,403
Cash at bank and in hand		2,976	5,271
		19,064	17,887
Creditors - amounts falling due within one year	18	(18,455)	(13,084)
Net current assets		609	4,803
Total assets less current liabilities		18,997	23,097
Creditors - amounts falling due after more than one year	19	(12,718)	(13,950)
Provisions for liabilities and charges			
Deferred taxation	21	(177)	(373)
Other	21	(446)	(1,421)
		5,656	7,353
Capital and reserves			
Called up share capital	22	7,484	7,484
Share premium account	23	1,205	1,205
Revaluation reserve	23	4,819	5,256
Acquisition reserve	23	(14,719)	(12,533)
Other reserves	23	468	551
Profit and loss account	23	6,399	5,390
		5,656	7,353

The financial statements on pages 24 to 43 were approved by the Board on 28th March 1994 and were signed on its behalf by

M G Rogers *Director* M. G. Rogers

C R Chapman *Director* C. R. Chapman

Company Balance Sheet

as at 31st December 1993

	Notes	1993 £000	1992 £000
Fixed assets			
Tangible fixed assets	13	5,229	5,245
Investments	15	46,742	46,003
Total fixed assets		51,971	51,248
Current assets			
Debtors	17	18,029	16,942
Cash at bank and in hand		2,840	3,662
		20,869	20,604
Creditors - amounts falling due within one year	18	(12,930)	(14,402)
Net current assets		7,939	6,202
Total assets less current liabilities		59,910	57,450
Creditors - amounts falling due after more than one year	19	(5,810)	(4,880)
Provisions for liabilities and charges	21	(446)	(1,421)
		53,654	51,149
Capital and reserves			
Called up share capital	22	7,484	7,484
Share premium account	23	1,205	1,205
Revaluation reserve	23	2,346	2,758
Other reserves	23	39,220	38,960
Profit and loss account	23	3,399	742
		53,654	51,149

The financial statements on pages 24 to 43 were approved by the Board on 28th March 1994 and were signed on its behalf by

M G Rogers *Director* M G Rogers

C R Chapman *Director* C R Chapman

Consolidated Cash Flow Statement

for the year ended 31st December 1993

	1993 £000	1993 £000	1992 £000	1992 £000
Net cash inflow from operating activities		5,171		7,735
Returns on investments and servicing of finance				
Interest paid	([illegible]04)		(1,568)	
Interest received	137		235	
Dividends paid	(2,357)		(2,357)	
Net cash outflow from returns on investments and servicing of finance		(3,824)		(3,690)
Taxation				
Corporation tax (including ACT) paid	(882)		(1,439)	
Tax paid		(882)		(1,439)
Investing activities				
Purchase of business	(2,784)		(107)	
Purchase consideration adjustment	-		131	
Purchase of tangible fixed assets	(1,738)		(1,080)	
Sale of tangible fixed assets	108		88	
Payments relating to exceptional item (see note 7)	(1,014)		(79)	
Net cash outflow from investing activities		(5,428)		(1,047)
Net cash (outflow) inflow before financing		(4,963)		1,559
Financing				
Repayment of finance lease	2,380		-	
Decrease in loans other than from banks	2,282		-	
New bank loan	(5,810)		-	
Net cash inflow from financing		(1,148)		-
(Decrease) increase in cash and cash equivalents		(3,815)		1,559
		(4,963)		1,559

The notes to the Consolidated Cash Flow Statement are shown in Note 24 to the financial statements.

Notes to the Financial Statements

for the year ended 31st December 1933

Note 1 Accounting policies

Basis of accounting
The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of land and buildings. Accounts are made up to the nearest practicable Friday to 31st December each year.

Basis of consolidation
The Group financial statements comprise a *consolidation of the financial statements of the* Company and all its subsidiaries. Merger accounting principles are followed in respect of acquisitions which satisfy the conditions set out in Statement of Standard Accounting Practice Number 23. In accordance with the principles of merger accounting, comparative *data is restated where merger* accounting is applied, and accounting policies are adjusted to be consistent with those of the Group. Acquisition accounting is used in respect of acquisitions which do not satisfy the conditions for merger accounting.

Depreciation
Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the Group. It is the Group's policy to maintain its properties in a state of good repair, and in the case of freehold and long leasehold properties, the directors *consider that the* lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold and long leasehold properties.

Other fixed assets are written off by equal instalments over their anticipated useful lives of between three and eight years.

Stocks
Stocks are valued at the lower of cost and net realisable value.

Deferred taxation
Deferred taxation is provided on the liability method where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

Goodwill
Goodwill arises when the consideration paid for a business or company exceeds the fair value of the net tangible assets acquired. Any goodwill arising is written off immediately against reserves at the date of acquisition, or in the case of deferred payments, the date of payment.

Pension costs
Pension costs are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the *remaining working lives of the employees.*

Leases
Where fixed assets are financed by leasing agreements which give rights approximately equivalent to ownership (finance lease) the assets are capitalised. The corresponding lease commitments are treated as obligations to the lessor. All other lease payments are charged to the profit and loss account in the year to which they relate.

Foreign currencies
The trading results and cash flow of overseas subsidiary undertakings are translated into sterling using the average rates of exchange. The *balance sheets of overseas subsidiary undertakings are translated* into sterling at the rates of exchange ruling at the year end. Exchange differences arising on translation into sterling are dealt with through reserves. The cost of the Company's equity investment in overseas subsidiary undertakings is translated at the ruling rate at the date of the investment except in those instances where forward exchange contracts have been arranged, in which case the forward rate is used. Exchange differences arising on translation of foreign currency loans made by the Company to subsidiary undertakings are taken to the foreign exchange reserve in the Company's balance sheet.

Notes to the Financial Statements

for the year ended 31st December 1993

Note 2 Turnover

Turnover represents the amount invoiced net of value added tax in respect of the provision of services to customers during the year.

Note 3 Analysis of turnover, operating profit and net assets

	Turnover		Operating profit	
	1993	1992	1993	1992
	£000	£000	£000	£000
Turnover and operating profit by geographical location				
United Kingdom	87,189	76,055	5,679	4,654
United States of America	23,357	20,259	1,533	1,955
Central costs, not allocated	-	-	(1,072)	(1,065)
	110,546	96,314	6,140	5,544

There is no material difference between the geographical analysis of turnover by origin and by destination.

Turnover and operating profit by business activity				
UK Healthcare				
Nursing agencies	56,742	46,380	2,403	1,531
Doctors' duty services	8,678	7,848	1,365	1,199
Hospitals and nursing homes	11,486	10,364	1,096	863
USA Healthcare				
Nursing agencies	23,357	20,259	1,533	1,955
Other Specialist Personnel				
Temporary accountants	5,181	5,480	700	785
Productivity improvement specialists	5,102	5,983	115	276
Central costs, not allocated	-	-	(1,072)	(1,065)
	110,546	96,314	6,140	5,544

	Net operating assets	
	1993	1992
	£000	£000
Analysis of net operating assets by geographical location		
United Kingdom	50,909	46,045
United States of America	30,577	29,855
	81,486	75,900
By business activity		
UK Healthcare		
Nursing agencies	15,485	11,951
Doctors' duty services	3,693	3,679
Hospitals and nursing homes	16,793	15,385
USA Healthcare		
Nursing agencies	30,577	29,855
Other Specialist Personnel		
Temporary accountants	14,562	14,342
Productivity improvement specialists (see note below)	2,087	2,357
Central, not allocated	(1,711)	(2,269)
	81,486	75,900

Notes to the Financial Statements

for the year ended 31st December 1993

Note 3 Analysis of turnover, operating profit and net assets – *continued*

	1993 £000	1992 £000
Reconciliation of net operating assets		
Capital employed per consolidated balance sheet	5,656	7,353
Loans and finance lease	17,493	16,109
Cash and cash equivalents	832	(2,881)
Goodwill written off	57,505	55,319
	81,486	75,900

The turnover and operating profit of the UK nursing agencies incorporates the results of BUPA Nursing Services Limited (BNSL) from the date of acquisition. It is not possible to give an indication of BNSL's contribution to turnover and profit as the business was completely merged with the existing UK nursing agency branches shortly after acquisition and the performance of each cannot be separately assessed.

Scott-Grant, the productivity improvement specialists, was accounted for under merger accounting rules and, as a consequence, goodwill arising from a fair value attributable to the consideration given for the acquisition is not included in the amount of net operating assets.

Note 4 Operating profit

	1993 £000	1992 £000
Operating profit is stated after charging (crediting)		
Depreciation	1,173	1,054
Net profit on sale of tangible fixed assets	(16)	(20)
Hire of plant and machinery	136	125
Auditors' remuneration - audit	136	121
Rents received net of outgoings	(79)	(97)
Rent of premises	1,295	1,040

Remuneration of the Company's auditors in respect of other services during the year amounted to £125,000 (1992 - £140,000).

Note 5 Employees

	1993 £000	1992 £000
Employee costs		
Wages and salaries	14,484	13,733
Social security costs	1,172	1,081
Other pension costs	220	200
	15,876	15,014

	1993 Number	1992 Number
Employee numbers		
The average number of persons employed by the Group during the year was		
full-time	716	813
part-time	1,031	864
	1,747	1,677

Notes to the Financial Statements

for the year ended 31st December 1993

Note 6 Directors' emoluments

	1993 £000	1992 £000
Employee costs include the following emoluments in respect of the directors		
Fees	72	55
Basic salaries and benefits	513	478
Bonus payments	31	18
Pension contributions	29	26
	645	577

Bonus payments are based on individual objectives linked to the Group's performance and set by the Compensation Committee, which also sets basic salaries and benefits.

The directors' emoluments disclosed above include amounts paid to

	1993 £000	1992 £000
H J Hann (Chairman to 31st May 1993)		
Fees	10	25
Benefits	3	7
	13	32
M G Rogers (Chairman from 1st June 1993 and the highest paid director)		
Basic salary and benefits	145	138
Pension contributions	8	8
	153	146

Neither Chairman received a bonus during the year (1992 - nil).

The number of directors (including the Chairmen) who received fees and other emoluments (excluding pension contributions) in the following ranges was

	1993 Number	1992 Number
£10,001 - £15,000	4	2
£15,001 - £20,000	1	-
£30,001 - £35,000	-	1
£80,001 - £85,000	1	2
£85,001 - £90,000	-	1
£95,001 - £100,000	2	1
£110,001- £115,000	1	-
£135,001- £140,000	-	1
£140,001- £145,000	1	-

Notes to the Financial Statements

for the year ended 31st December 1993

Note 7 Exceptional item

	1993 £000	1992 £000
Write-off of investment in Nutri/System (United Kingdom) Limited	-	1,034
Provision for the Company's net obligations under the Nutri/System leases which the Company had guaranteed	-	1,500
	-	2,534

Note 8 Interest payable less receivable

	1993 £000	1992 £000
On bank loans, overdrafts and other loans		
Repayable within five years, not by instalments	403	528
Repayable within five years, by instalments	1,038	1,011
Repayable wholly or partly in more than five years	320	-
Investment income - bank and other interest receivable	(136)	(235)
	1,625	1,304

Note 9 Taxation

	1993 £000	1992 £000
Corporation tax at 33% (1992 - 33%) on taxable profit for the year	1,374	1,192
Over-provision in previous years	(4)	(83)
Deferred tax	(196)	(84)
	1,174	1,025

The taxation charge reflects the availability of allowable deductions against the profits of MRA.

Note 10 Profit for the year

The profit for the year dealt with in the accounts of the Company amounts to £5,274,000 (1992 - £1,074,000), before transferring the effect of exchange movements of £260,000 (1992 - £2,263,000) to the foreign exchange reserve (see note 23). The profit retained by subsidiary companies is £545,000 (1992 - £1,870,000), and profit transferred by way of dividend to the Company in respect of prior years' profits amounts to £2,218,000 (1992 - nil).

Under the provisions of Section 230 of the Companies Act 1985, the Company has not published its own profit and loss account.

Note 11 Dividends

	1993 £000	1992 £000
Dividends paid		
Ordinary shares: 1.15p per share (1992 - 1.15p)	860	860
Dividends proposed		
Ordinary shares: 2.00p per share (1992 - 2.00p)	1,497	1,497
	2,357	2,357

Note 12 Earnings per share

	1993	1992
Earnings per share - FRS3 basis	4.46p	0.91p
Adjustment for exceptional item	-	3.39p
Adjusted basis	4.46p	4.30p

The earnings per share is calculated on earnings of £3,341,000 (1992 - FRS3 basis - £681,000, adjusted basis - £3,215,000) and on the weighted average number of shares of 74,839,000 (1992 - 74,839,000).

No figure for fully diluted earnings per share is shown, since the difference from the basic earnings per share is less than 5%.

Note 13 Tangible fixed assets	Land & buildings *Freehold* £000	*Leasehold* £000	Plant & equipment, fixtures *& fittings* £000	Total £000
Group				
Cost or valuation				
At 1st January 1993	8,996	5,386	7,723	22,105
Foreign exchange movements	-	-	10	10
Reclassification	40	-	(40)	-
Additions	5,427	-	1,037	6,464
On acquisition of business	-	-	27	27
Disposals	(27)	(5,143)	(609)	(5,779)
At 31st December 1993	14,436	243	8,148	22,827
Depreciation				
At 1st January 1993	-	46	3,765	3,811
Foreign exchange movements	-	-	4	4
Eliminated on disposals	-	(5)	(544)	(549)
Charge for the year	-	14	1,159	1,173
At 31st December 1993	-	55	4,384	4,439
Net book value				
At 31st December 1993	14,436	188	3,764	18,388
At 31st December 1992	8,996	5,340	3,958	18,294
The cost or valuation of fixed assets held at 31st December 1993 *was represented by*				
1991 valuation	13,956	240	-	14,196
Cost	480	3	8,148	8,631
	14,436	243	8,148	22,827

Freehold land and buildings includes an amount in respect of New Hall hospital of £5,138,000. Previously, it had been included in leasehold land and buildings at the same value. During the year the freehold interest was *repurchased from a subsidiary of* Hambros Bank Limited for a consideration of £2,792,000.

The New Hall property and the land and buildings owned by Nestor Medical Services were valued at 28th November 1991 by John D Wood, Valuers & Surveyors on the basis of open market value.

Note 13 Tangible fixed assets – Group – *continued*	1993 £000	1992 £000
If land and buildings had not been valued, they would have been included at their original cost of	5,795	5,061

	Land & buildings Freehold £000	Leasehold £000	Plant & equipment, fixtures & fittings £000	Total £000
Company				
Cost or valuation				
At 1st January 1993	-	5,138	190	5,328
Additions	5,138	-	49	5,187
Disposals	-	(5,138)	(54)	(5,192)
At 31st December 1993	5,138	-	185	5,323
Depreciation				
At 1st January 1993	-	-	83	83
Eliminated on disposal	-	-	(30)	(30)
Charge for the year	-	-	41	41
At 31st December 1993	-	-	94	94
Net book value				
At 31st December 1993	5,138	-	91	5,229
At 31st December 1992	-	5,138	107	5,245

The freehold land and buildings of the Company comprise the property in respect of New Hall hospital.

Note 14 Capital commitments	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Capital expenditure that has been contracted but not provided for	152	369	-	-

At the year end, there was no capital expenditure which had been authorised by the directors but not contracted for (1992-nil).

Note 15 Fixed assets investments

	£000
Company	
At 1st January 1993	46,003
Additions	
BUPA Nursing Services Limited	517
Foreign exchange movements	222
At 31st December 1993	46,742

Principal subsidiary companies

Except where stated, the following principal subsidiary companies are wholly-owned, operate in the United Kingdom, and are registered in England & Wales.

Company	*Business*
British Nursing Co-operations Limited* (trading as BNA) British Nursing Association Healthcare Services Limited* (trading as BNA Healthcare Services)	Nursing agencies - UK
Nestor Medical Duty Services Limited	Doctors' duty services
Nestor Medical Services Limited	Hospitals and nursing homes
Nestor-BNA, Inc. (United States of America) MRA Staffing Systems, Inc. (United States of America)*	Nursing agencies - USA
Hewitson-Walker Limited	Specialist personnel
Scott-Grant (Management Services) Limited Scott-Grant (Computer Services) Limited Scott-Grant (Technical Services) Limited Scott-Grant (Training Services) Limited	Specialist personnel

*The interest of the Company is held through an intermediate holding company.

Notes to the Financial Statements

for the year ended 31st December 1993

Note 15 Fixed assets investments – *continued*

BUPA Nursing Services Limited
On 1st March 1993 the Company acquired the entire share capital of BUPA's nursing agency subsidiary, BUPA Nursing Services Limited.

In order to finance the acquisition the Company's property finance lease was repaid, releasing properties which were used together with other property to secure a new seven year medium term loan of £5,810,000.

The assets and liabilities acquired and the goodwill arising are as follows

	Balance sheet at acquisition £000	Adjustments to fair value & provisions £000	Fair value balance sheet £000
Fixed assets	87	(60)	27
Current assets			
Debtors	947	91	1,038
Cash	11	-	11
	958	91	1,049
Creditors – amounts falling due within one year	(372)	(95)	(467)
Net current assets	586	(4)	582
Total assets less current liabilities	673	(64)	609
Bank borrowings	(1,800)	-	(1,800)
Provisions for liabilities and charges	-	(478)	(478)
Net liabilities	(1,127)	(542)	(1,669)
Purchase consideration			206
Acquisition costs incurred			311
Total cost			517
Goodwill arising			2,186

Cash flow in respect of purchase of business	
Total cost	517
Bank borrowings	1,800
Cash	(11)
Provisions for liabilities and charges	478
	2,784

Notes to the Financial Statements

for the year ended 31st December 1993

Note 16 Stocks	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Consumables and goods for resale	233	213	-	-

Note 17 Debtors	1993 £000	1992 £000	1993 £000	1992 £000
Trade debtors	14,617	11,314	-	-
Amounts owed by Group companies	-	-	11,607	13,905
Dividends receivable from Group companies	-	-	5,468	1,849
Other debtors	325	247	38	2
Prepayments and accrued income	913	842	28	96
Corporation tax	-	-	888	1,090
	15,855	12,403	18,029	16,942

Note 18 Creditors - amounts falling due within one year	1993 £000	1992 £000	1993 £000	1992 £000
Bank overdraft	3,808	2,390	-	-
Loan other than from banks	2,296	2,246	-	-
Bank loans	2,500	-	2,500	-
Trade creditors	2,796	2,419	-	-
Amounts owed to Group companies	-	-	8,078	12,259
Dividends proposed	1,497	1,497	1,497	1,497
Corporation tax	1,290	713	250	226
Other tax and social security	1,041	1,387	18	18
Other creditors	956	1,042	105	29
Accurals and deferred income	2,271	1,390	482	373
	18,455	13,084	12,930	14,402

Note 19 Creditors - amounts falling due after more than one year	1993 £000	1992 £000	1993 £000	1992 £000
Bank loans	5,810	2,500	5,810	2,500
Loan other than from banks	6,887	8,983	-	-
Obligations under finance lease	-	2,380	-	2,380
Other creditors	21	87	-	-
	12,718	13,950	5,810	4,880

Notes to the Financial Statements

for the year ended 31st December 1993

Note 20 Net borrowings and finance leases	Repayment dates	Interest rates	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Secured						
Bank loans	1994-2000	variable	8,310	2,500	8,310	2,500
Finance lease	1993	variable	-	2,380	-	2,380
Unsecured						
Bank overdraft	-	variable	3,808	2,390	-	-
Loan other than from banks ($13.6 million, 1992 - $17 million)	1993-1997	10.37%	9,183	11,229	-	-
Total borrowings and finance lease			21,301	18,499	8,310	4,880
Less cash at bank and in hand			(2,976)	(5,271)	(2,839)	(3,662)
Net borrowings and finance lease			18,325	13,228	5,471	1,218

Net borrowings of the Group are summarised as follows	Repayable within 1 year £000	Repayable between 2&5 years £000	Repayable beyond 5 years £000	Total £000
Secured				
Bank loans	2,500	4,358	1,452	8,310
Unsecured				
Bank overdraft	3,808	-	-	3,808
Loan other than from banks ($13.6 million)	2,296	6,887	-	9,183
Total borrowings	8,604	11,245	1,452	21,301
Less cash at bank and in hand	(2,976)	-	-	(2,976)
At 31st December 1993	5,628	11,245	1,452	18,325
At 31st December 1992	(635)	13,863	-	13,228

The bank loans are secured by fixed charges over the Group's properties and bear interest at rates linked to LIBOR.

The outstanding loan other than from banks is in the amount of $13.6 million from Teachers Insurance and Annuity Association of America. The loan is unsecured and is repayable in equal annual instalments of $3.4 million to 15th May 1997.

Notes to the Financial Statements

for the year ended 31st December 1993

Note 21 Provision for liabilities and charges	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Deferred taxation provision				
At 1st January 1993	373	457	-	-
Utilised during the year	(196)	(84)	-	-
At 31st December 1993	177	373	-	-
Full potential liability	338	426	-	-

The deferred tax provision arises from accelerated depreciation allowances.

In addition to the potential liability shown above, a taxation charge of approximately £1,500,000 would arise on chargeable gains in the event of the Group's properties being realised at valuations at which they are included in the balance sheet at 31st December 1993.

Other provisions				
In respect of the Company's net obligations under the Nutri/System leases which the Company had guaranteed.				
At 1st January 1993	1,421	-	1,421	-
Provided during the year	-	1,500	-	1,500
Utilised during the year	(975)	(79)	(975)	(79)
At 31st December 1993	446	1,421	446	1,421

The amount utilised during the year relates to rental and other costs incurred in connection with minimising the obligations under the Nutri/System leases which the Company guaranteed.

Note 22 Share capital	Authorised Number	Authorised £000	Allotted, issued, and fully paid Number	Allotted, issued, and fully paid £000
Ordinary shares of 10p each				
At 1st January 1993	96,000,000	9,600	74,839,358	7,484
At 31st December 1993	96,000,000	9,600	74,839,358	7,484

Notes to the Financial Statements

for the year ended 31st December 1993

Note 23 Reserves	Share premium account £000	Revaluation reserve £000	Acquisition reserve £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
Group						
At 1st January 1993	1,205	5,256	(12,533)	551	5,390	(131)
Foreign exchange movements	-	-	-	(83)	-	(83)
Goodwill on acquisition written off	-	-	(2,186)	-	-	(2,186)
Movement arising on repurchase of property from finance lease company	-	(412)	-	-	-	(412)
Transfer of reserves arising on sale of property	-	(25)	-	-	25	-
Retained profit for the year	-	-	-	-	984	984
At 31st December 1993	1,205	4,819	(14,719)	468	6,399	(1,828)

The total amount of goodwill written off to date against reserves in respect of subsidiaries still held by the Group is £57,505,000 (1992 - £55,319,000).

Goodwill on acquisition written off during the year relates to the purchase of BNSL.

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
Company						
At 1st January 1993	1,205	2,758	36,442	2,518	742	43,665
Profit for the year	-	-	-	-	5,274	5,274
Foreign exchange movements	-	-	-	260	(260)	-
Movement arising on repurchase of property from finance lease company	-	(412)	-	-	-	(412)
Dividends	-	-	-	-	(2,357)	(2,357)
At 31st December 1993	1,205	2,346	36,442	2,778	3,399	46,170

Notes to the Financial Statements

for the year ended 31st December 1993

Note 24 Cash flow statement

	1993 £000	1992 £000
Reconciliation of operating profit to net cash inflow from operations		
Operating profit	6,140	5,544
Depreciation charge	1,173	1,054
Net profit on sale of tangible fixed assets	(16)	(20)
(Increase) decrease in stocks	(20)	2
(Increase) decrease in debtors	(2,363)	1,702
Increase (decrease) in creditors	257	(547)
Net cash inflow from operations	5,171	7,735

	Share capital £000	Share premium account £000	Other capital reserves £000	Total £000
Analysis of changes in share capital and capital reserves				
At 1st January 1992	7,484	1,205	(12,561)	(3,872)
Other movements - goodwill	-	-	28	28
At 1st January 1993	7,484	1,205	(12,533)	(3,844)
Other movements - goodwill	-	-	(2,186)	(2,186)
At 31st December 1993	7,484	1,205	(14,719)	(6,030)

	Loans and finance lease £000	Cash and cash equivalents £000	Total £000
Analysis of movements in loans and cash balances			
At 1st January 1992	(13,932)	453	(13,479)
Increase in loans and net cash inflow	-	1,559	1,559
Foreign exchange movements	(2,177)	869	(1,308)
At 1st January 1993	(16,109)	2,881	(13,228)
Increase in loans and net cash outflow	(1,148)	(3,815)	(4,963)
Foreign exchange movements	(236)	102	(134)
At 31st December 1993	(17,493)	(832)	(18,325)

Notes to the Financial Statements

for the year ended 31st December 1993

Note 25 Other financial commitments

The Group occupies numerous premises operated under leases the terms, conditions and expiry dates of which vary considerably. The aggregate annual rental costs of these premises amounted to £1,295,000 in 1993 (1992 - £1,040,000).

The 1994 commitment for property currently occupied by the Group amounts to £1,277,000 and the 1994 commitment for property not currently occupied by the Group amounts to £345,000.

Note 26 Pension costs

The Company operates a pension scheme providing benefits based on final pensionable salary. The scheme is administered by Trustees separately from the affairs of the Group and is contracted out of the additional component of the State Pension Scheme.

R Watson & Sons, Consulting Actuaries, carried out an actuarial valuation of the scheme as at 30th April 1992. On the actuarial basis used, as at that date the assessed value of the assets was sufficient to cover 104% of the capitalised value of the accrued benefits, allowing for expected future increases in pensionable earnings to Normal Pension Age, treating the scheme as an on-going entity.

The market value of the investments held in the scheme as at the valuation date was taken to be £2.864 million. In addition there were pensions in payment secured by the purchase of annuities

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of investment return on future net cash flow, the rate at which dividends on UK equities grow and the rate of increase in pensionable earnings.

The assumed future rate of investment return, used to discount projected income and outgoing benefits, was a real rate of 5% per annum relative to price inflation. For the purposes of the valuation, the investment assets were assumed to be invested wholly in UK equities and dividends were assumed, over the long-term future, to grow in line with price inflation. Pensionable earnings were assumed to increase at a rate of 3% per annum ahead of price inflation.

The employer's contribution rate, which was calculated using the projected unit method, remains at 6.2% of members' pensionable earnings. The members' contribution rate is 5% of pensionable earnings.

The pension charge for the year was £220,000 (1992-£200,000).

Note 27 Share option schemes

Options over 4,411,915 Ordinary Shares had been issued under the Employee Share Option Scheme at 31st December 1993. Options are exercisable, subject to the rules of the scheme, on specified dates until May 2003, at prices between 53p and 145p per share.

Options over 799,213 Ordinary Shares had been issued under the Savings Related Share Option Scheme at 31st December 1993. The options are exercisable, subject to the rules of the scheme, either from December 1995 at 76p per share or from November 1996 at 56p per share.

Five Year Summary

	1989 £000	1990 £000	1991 £000	1992 £000	1993 £000
Group profit and loss account					
Turnover	82,266	104,403	100,536	96,314	110,546
Operating profit before exceptional item	6,699	9,719	7,663	5,544	6,140
Exceptional item	-	-	(840)	(2,534)	-
Operating profit after exceptional item	6,699	9,719	6,823	3,010	6,140
Interest payable less receivable	(647)	(1,703)	(1,518)	(1,304)	(1,625)
Profit before taxation	6,052	8,016	5,305	1,706	4,515
Taxation	(2,120)	(2,383)	(1,005)	(1,025)	(1,174)
Profit after taxation	3,932	5,633	4,300	681	3,341
Earnings per share - FRS3 basis	8.22p	8.64p	5.81p	0.91p	4.46p
Earnings per share - adjusted basis	8.22p	8.64p	5.81p	4.30p	4.46p
Dividends per share	2.90p	3.15p	3.15p	3.15p	3.15p
Group balance sheet					
Tangible assets	13,231	13,034	18,273	18,294	18,388
Investments	574	1,034	1,034	-	-
Total fixed assets	13,805	14,068	19,307	18,294	18,388
Current assets	14,173	15,442	13,700	12,616	16,088
Current liabilities and provisions	(9,614)	(10,983)	(9,711)	(10,329)	(10,495)
Net operating assets	18,364	18,527	23,296	20,581	23,981
Net borrowings	(7,508)	(15,289)	(13,479)	(13,228)	(18,325)
Net assets	10,856	3,238	9,817	7,353	5,656
Share capital	5,418	7,224	7,484	7,484	7,484
Share premium account	2,990	-	1,205	1,205	1,205
Acquisition reserve	-	(10,846)	(12,561)	(12,533)	(14,719)
Other reserves	2,448	6,860	13,689	11,197	11,686
Capital and reserves	10,856	3,238	9,817	7,353	5,656
Group cash flow statement					
Net cash inflow from operating activities	4,800	10,411	9,098	7,735	5,171
Interest and dividends paid	(1,771)	(4,087)	(3,645)	(3,690)	(3,824)
Tax paid	(1,796)	(2,227)	(2,016)	(1,439)	(882)
Net investment in fixed assets and acquisitions	(16,746)	(31,737)	(1,276)	(1,047)	(5,428)
Net cash flow before financing	(15,513)	(27,640)	2,161	1,559	(4,963)
Issue of shares	(13,712)	(18,174)	(5)	-	-
Decrease (increase) in loans and finance leases	(2,893)	(11,294)	814	-	(1,148)
Increase (decrease) in cash and cash equivalents	1,092	1,828	1,352	1,559	(3,815)
	(15,513)	(27,640)	2,161	1,559	(4,963)

Shareholder Information

Financial calendar
Announcement of 1994 results

For the half-year	September 1994
For the year	March 1995
Annual Report and Accounts circulated	April 1995
Annual General Meeting	May 1995

Dividends

Proposed final dividend 1993	
Announcement	28th March 1994
Ex-dividend	11th April 1994
Record date	29th April 1994
Payment date	27th May 1994
Interim dividend 1994 (provisional)	
Announcement	September 1994
Payment	October 1994

Analysis of shareholdings
At the date of this report, the Company has 719 shareholders who hold nearly 75 million ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 5,000	424	59.0	680,352	0.9
5,001 - 50,000	199	27.7	2,749,798	3.7
50,001 - 100,000	22	3.0	1,480,222	2.0
100,001 and over	74	10.3	69,928,986	93.4
	719	100.0	74,839,358	100.0

Type of shareholder				
Individuals	522	72.6	5,757,883	7.7
Nominee companies*	138	19.2	53,405,075	71.4
Insurance companies	4	0.5	6,313,548	8.4
Other corporate and public bodies	43	6.0	6,455,835	8.6
Trust companies	12	1.7	2,907,017	3.9
	719	100.0	74,839,358	100.0

*This category includes the beneficiaries of pension funds, unit trusts, life assurance companies and investment trusts.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN, that the eighth Annual General Meeting of the Company will be held at *The Brewery, Chiswell Street, London EC1Y 4SD on 19th May 1994 at 12 noon for the following* purposes:

Ordinary business

1. To receive and consider the financial statements, together with the reports of the directors and auditors, for the year ended 31st December 1993.
2. To declare a final dividend.
3. To re-elect J Priestley as a director.
4. To re-elect Viscount Bridgeman as a director.
5. To re-appoint Coopers & Lybrand as the auditors to act as such until the conclusion of the next Annual General Meeting and to authorise the directors to fix the auditors remuneration.

Special business

6. To consider and, if thought fit, to pass the *following resolution which will be proposed* as a Special Resolution:

That, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act) pursuant to the authority conferred by Ordinary Resolution numbered 7 passed at the Annual General Meeting of the Company held on 16th May 1991, as if subsection (1) of Section 89 of that Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors may determine for the purpose of the issue where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them at any such record date or dates so determined, provided that the directors may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

Notice of Annual General Meeting

(ii) the allotment of equity securities pursuant to the terms of any share scheme for employees approved by shareholders in general meeting; and

(iii) the allotment (otherwise than pursuant to sub-paragraphs (i) or (ii) above) of equity securities up to an aggregate nominal amount of £374,000,

and shall expire on the date of the next Annual General Meeting of the Company after the date of passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that this power has expired.

By order of the Board

J Wood *Secretary*

Registered Office: 20A Church Road
Welwyn Garden City, Hertfordshire AL8 6PS
28th March 1994

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, proxies must be lodged with the Registrar of the Company not later than 48 hours before the time appointed for the meeting.

2. Copies of all service agreements of more than one year's duration between the Company and the directors, will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the meeting and at the place of the meeting from 15 minutes before and until the end of the meeting.